

In response to the requirements of the EU Energy Efficiency Directive, the government has established the Energy Savings Opportunity Scheme (ESOS). ESOS is a mandatory energy assessment scheme, which requires large enterprises to undertake energy audits of at least 90% of their energy usage. All eligible organisations will be required to notify the EA of their compliance.

The new ESOS scheme is designed to give organisations an in-depth review of their energy use, identifying ways in which organisations can improve energy efficiency and make financial savings, whilst at the same time paving the way towards energy security and making efforts to tackle climate change.

What energy must be audited?

Energy means all forms of energy products, combustible fuels, heat, renewable energy, electricity, or any other form of energy, as defined in Article 2(d) of Regulation (EC) No 1099/2008 of the European Parliament of the Council of 22 October 2008 on energy statistics.

ESOS requires businesses to audit both energy that is supplied to them and all energy within an organisation's control. Organisations will be allowed to use energy use data or spend when calculating their total energy consumption. Verifiable energy use data must be based on 12 month's usage for a continuous period and begin no earlier than 6th December 2010 for the first compliance period.

What do I need to assess?

Participants are required to measure the entire energy use within the business's operational control over a 12 month period and identify the business's most significant consumption areas. The audit should cover the following three business related areas:



Key buildings – All key buildings, which an organisation has organisational control over, must be covered by the audit. In cases where site based non-domestic assessment, such as Display Energy Certificates (DEC) or the Green Deal, have been completed, the building may be deemed compliant without the need for an additional audit.



Transportation – Participants are required to audit all transport where the organisation has directly purchased fuel. Businesses can submit the results of previous transportation audits or reviews, such as the Green Fleet Review or the Freight Transport Association's Logistics Carbon Reduction Scheme to support ESOS compliance.



Industrial / Commercial processes – Industrial processes need be included in the ESOS assessment. In the event where data has already been collected for other Climate Change Agreement or levies, such as the ETS, the data collected may be reused for the audit if it falls within the timeframe and meets the requirements.

Who will be covered by the legislation?

If on 31st December 2014 your organisation meets the ESOS definition of a large undertaking, then you will need to comply with the requirements.

Are you a large undertaking?

The ESOS definition of a large undertaking is ≥ 250 employees **OR** employees fewer than 250 persons and has an annual turnover of ≥ 50 m Euros **AND** an annual balance sheet ≥ 43 m Euros. Small to medium enterprises and public bodies are not required to participate.

What are the timescales?

Qualifying organisations must carry out their ESOS assessment and notify the Environment Agency (EA) by the **5th December 2015, at the very latest** and every four years thereafter.

What do I need to do?

To respond to this mandatory legislation you must:

- Determine if you are a large enterprise and need to comply
- Register with the Environment Agency (EA) towards the end of 2014
- Determine approach to ESOS compliance and if any areas of your operations are already covered by the exemption alternatives (ISO 50001, Green Deal Assessment or Display Energy Certificates)
- Arrange an audit with a registered lead auditor
- The audit will assess energy data, consumption and make recommendations for improving energy performance and cost reduction

How we can help

Carbon Smart has extensive experience in supporting businesses meet legislative requirements and conducting energy audits. We can help you with:

- Understanding your reporting obligations
- Defining the boundaries of your organisation
- Assisting the management of data collection processes
- Interpreting and analysing your current performance

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